



Patrick W. Henning, Director

April 8, 2008

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Arnold Schwarzenegger  
Governor

Ms. Andrea T. Baker, Director  
Merced County Department of Workforce Investment  
1880 West Wardrobe Ave.  
Merced, CA 95340

Dear Ms. Baker:

**WORKFORCE INVESTMENT ACT  
FISCAL AND PROCUREMENT REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2007-08**

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Merced County's (Merced County LWIA) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Ms. Karen Fuller-Ware from March 3, 2008 through March 7, 2008. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by the Merced County LWIA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2007-08.

We collected the information for this report through interviews with representatives of the Merced County LWIA, a review of applicable policies and procedures, and a review of documentation retained by the Merced County LWIA for a sample of expenditures and procurements for PY 2007-08.

**BACKGROUND**

The Merced County LWIA was awarded WIA funds to operate a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, the Merced County LWIA was allocated: \$1,470,295

to serve 250 adult participants; \$1,660,556 to serve 448 youth participants; and \$1,099,664 to serve 158 dislocated worker participants.

For the quarter ending December 31, 2007, the Merced County LWIA reported the following expenditures and enrollments for its WIA programs: \$153,997.88 to serve 165 adult participants; \$36,712.82 to serve 327 youth participants; and \$315,913 to serve 122 dislocated worker participants.

### **FISCAL REVIEW RESULTS**

We conclude that, overall, the Merced County LWIA is meeting applicable WIA requirements concerning financial management.

### **PROCUREMENT REVIEW RESULTS**

We conclude that, overall, the Merced County LWIA is meeting applicable WIA requirements concerning procurement.

This report contains no findings or concerns; therefore, we are issuing this report as the final report.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is the Merced County LWIA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Consequently, any deficiencies identified in subsequent reviews, such as an audit, would remain the Merced County LWIA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Karen Fuller-Ware at 916-653-4174.

Sincerely,



JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Division

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